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China: Reformers Set Political Agenda for 1986

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Summary

Party reformers used an early January leadership conference in Beijing to set the political agenda for 1986. Among the policy initiatives they raised were: slowing the pace of economic reform, renewing efforts to root out corruption among central government and party officials, and continuing the military reforms. Party reformers bluntly admitted difficulties in the implementation of economic policies, but blamed many problems on corrupt officials, and refuted accusations that the reforms themselves were flawed.

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We believe the reformers also had a hidden agenda: to consolidate their position in the aftermath of the Party Delegates Conference and to wrest the initiative on the debate over economic reform and control of corruption away from Party conservatives. During the conference, they announced the formation of a special task force, responsible to the Secretariat, to investigate economic crimes.

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We expect the reformers to keep up an aggressive defense of their policies and to prepare for tough debate on the economy at the National People's Congress in late March. Despite the renewed emphasis on discipline and punishment of corruption, it is unlikely that important political leaders will fall victim to the campaign. []

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Putting the Brakes on Reform

Partly in response to widespread public uneasiness with economic reforms in 1985, party reformers candidly admitted difficulties occurred last year and promised to suspend or slow down some of the most controversial policies. Vice Premier Tian Jiyun, in his 9 January address to 8,000 senior officials, for instance, declared that although reform in some areas will proceed in 1986, the year in general will be one of "digestion and consolidation" of reform. Tian acknowledged the leadership's responsibility for last year's overheated economy, but insisted that the overall situation was still good and the problems were being solved gradually. Tian took note of the public unhappiness with rapidly rising prices and promised that the government would work to keep prices stable in 1986 and would not expand the scope of the inflationary aspects of wage reform. []

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Since last fall, the reformers have been working hard to rebut the assertions of some conservatives that economic reforms threaten to undermine economic stability over the long-term. Tian Jiyun, for instance, appeared to refute Politburo Standing Committee member Chen Yun's charges that the drop in grain production, the growth in the number of well-to-do peasants, and rapid industrial growth will inevitably result in an unstable and polarized society. At the conference, Tian argued vigorously that the only way to solve the problems brought on by reform was to maintain and expand the reforms, and he praised the energetic and effective response of the reformers last year to the problems of overly rapid growth. []

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Going After Corruption at the Top

We believe party reformers are trying to seize the initiative on corruption within the party--which conservatives often allege is a byproduct of the economic reforms. Secretariat member Hu Qili announced at the meeting that a "leading group"--responsible to the Secretariat and headed by Qiao Shi--will take control of rooting out corruption and enforcing discipline among central government and party officials, problems that have become more serious in the last two years. Hu called for completion of the anticorruption campaign by the end of the year and a "basic turn for the better" in party workstyle within five years. []

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Secretariat member Wang Zhaoguo--an avid reformer who is in charge of party work in the central organs--was appointed to the new "leading group." He gave a major speech to the conference on the seriousness of corruption in central state and party bureaucracies. []

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Although criticism of "unhealthy practices" within the party--such as taking bribes, influence peddling, and officials setting up private businesses for themselves or family members--has been a staple of party rectification and discipline inspection work since 1983, this is the first time the central bureaucracies have become so specifically targeted. In the past, local party members usually bore the brunt of investigation and punishment. The renewed campaign is a recognition of the fact that cadre corruption is increasing, and is a national, not simply a local, problem. [REDACTED]

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Implicit in the reformers' criticism of the rising tide of official corruption, therefore, is an indictment of the party's rectification campaign--now in its third and final year. Hu Yaobang complained at the conference that the task of "enhancing party spirit"--a goal of rectification--has yet to be achieved, and Military Commission Vice Chairman Yang Shangkun indicated that units that have completed the rectification campaign requirements might be forced to repeat the experience. To underline the reformers' conviction that bureaucratic obstinacy still impedes rectification, Hu called upon all Chinese officials to report malfeasance directly to the Central Committee--over the heads of their own party committees. [REDACTED]

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Pushing Ahead with Military Reform

Although holding the line on some economic changes, party reformers are indicating their intention to press ahead at full speed with reform of the military. Yang Shangkun--the only party elder to speak at the meeting--called for "continual work" by the army to bring the reduction-in-force and other military reform goals to a successful conclusion. [REDACTED]

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As for anticorruption work, Yang was harsher in his criticism of the army's abuses than other leaders were of the central party and government bureaucracies. Yang suggested that some central military units had merely breezed through rectification without accomplishing the goals set for them, and he lashed out at profiteering, nepotism, and passive resistance to the reductions in personnel ordered by Deng Xiaoping last year. Yang told military cadre that a sharp turnaround in discipline must be achieved by the first quarter of the year, and scheduled a meeting to formulate plans to implement the new policy. [REDACTED]

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In our view, Yang set the PLA somewhat apart from the party's anticorruption measures. Despite Hu Yaobang's claim that the Secretariat would take charge of the campaign in all central organs, Yang stressed the role of the Military Commission in carrying out the anticorruption campaign in the armed forces. Moreover, Yang chided the General Political Department (responsible for the ideological work that ensures good discipline in the army), which he asked to "pay attention" to important cases of corruption from now on. General Political Department Director Yu Qiuli was conspicuously absent from the conference. [REDACTED]

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Deng's Succession Team Leads the Way

With the exception of Yang Shangkun, the Meeting of Central Cadres provided a showcase for Deng Xiaoping's new succession team; senior Politburo Standing Committee members--including Deng--did not attend. Hu Yaobang and Zhao Ziyang seemed to be playing the role of elder statesmen usually reserved for Deng Xiaoping and other party veterans, while Secretariat members Hu Qili, who presided over the meeting, Tian Jiyun and Wang Zhaoguo gave the key addresses. [REDACTED]

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We did note some anomalies in leadership attendance at the meeting, however. Yang Shangkun's participation suggests the reformers' continuing lack of suitable reform-minded succession leaders in the military. Li Peng, who has been touted widely as Premier Zhao's successor, did not attend the conference. Instead, Li went on a well-publicized inspection tour of Shanghai, Hangzhou and Wuxi, appearing again in Beijing four days after the conference closed. [REDACTED]

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Setting the Tone for 1986

Party reformers used the meetings, we believe, in part to preview the 4th session of the 6th National People's Congress (NPC), scheduled to convene on 25 March. We expect many of the themes aired in January--especially concern about the pace of reform and cadre malfeasance--to be reiterated at the NPC session. By promoting these issues so prominently now, party reformers probably are trying to frame the debate over the 7th five-year plan and other key economic issues that will be discussed in detail at the work conferences preceding the NPC session. [REDACTED]

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We believe party reformers are trying to set the political tone for 1986: tough, resolute, and in control. The January speeches and subsequent press commentary indicates the reformers intend to press ahead gradually with reform next year--preferably with less political friction than in 1985. Nonetheless, we believe that party conservatives will remain critical of the high growth rates, inflation and western influences that reform tends to generate and will continue to resist full implementation. While the reform leadership is prepared to accommodate these views to some degree, they are also willing to attack or outmaneuver conservatives like Chen Yun to achieve their goals. [REDACTED]

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Although the renewed anticorruption effort may net some officials at the Vice Ministerial level, we believe it very unlikely that any Central Committee leaders will become explicit targets of the campaign. We note, however, that corrupt behavior of the children of some senior officials may become an increasing factor in high-level political infighting. There have been several reports that children of Hu Yaobang and Zhao Ziyang are withdrawing from some high-profile business positions--most likely to insulate their fathers from political attack on corruption or nepotism grounds. [REDACTED]

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Nonetheless, we do expect the party to prosecute a much more vigorous anti-corruption campaign in the provinces--and in Beijing municipality. Hu Qili recently announced, for instance, that economic criminals should be given the death penalty in

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severe cases. Since the conference, several provinces have announced the cracking of corruption cases involving large-scale theft; Guangdong, according to US Consulate Guangzhou, has already begun to mete out much harsher punishments for economic crimes than in the past--including several executions--and we expect to see more of the same in the months ahead. [REDACTED]

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